

# TALON RESOURCES INC

July 7, 2003

Mrs. Diana Mason State of Utah Division of Oil Gas and Mining P.O. Box 145801 Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill---Klabzuba Oil and Gas, Inc. Gordon Creek, State 3-5-14-8 601' FSL, 2,276' FWL, SE/4 SW/4 Section 5, T14S, R8E, SLB&M, Carbon County, Utah

Dear Mrs. Mason:

On behalf of Klabzuba Oil and Gas, Inc, (Klabzuba), Talon Resources, Inc. respectfully submits the enclosed original and one copy of the Application for Permit to Drill (APD) for the above referenced well. A request for exception to spacing (R649-3-3) is hereby requested based on topography since the well is located within 460' of the drilling unit boundary. Klabzuba is the only owner and operator within 460' of the proposed well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats and layouts of the proposed well site;

Exhibit "B" - Proposed location maps with pipe, power, and road corridors;

Exhibit "C" - Drilling site layout;

Exhibit "D" - Drilling Program;

Exhibit "E" - Multi Point Surface Use Plan;

RECEIVED

Exhibit "F" - Typical road cross-section;

JUL 1 0 2003

Exhibit "G" - Typical BOP diagram;

DIV. OF OIL, GAS & MINING

Exhibit "H" - Typical wellhead manifold diagram.

ORIGINAL

CONFIDENTIAL

Please accept this letter as Klabzuba's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. George Rooney of Klabzuba at 303-382-2177 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Agent for Klabzuba Oil and Gas, Inc. Don Hamilton

cc: Mr. Mark Jones, Oil, Gas and Mining

Mr. Ed Bonner, SITLA

Mr. George Rooney, Klabzuba

Mr. Tom Siirola, Klabzuba

Mr. Mark Caldwell, Klabzuba

Klabzuba Well Files

# 001

# STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

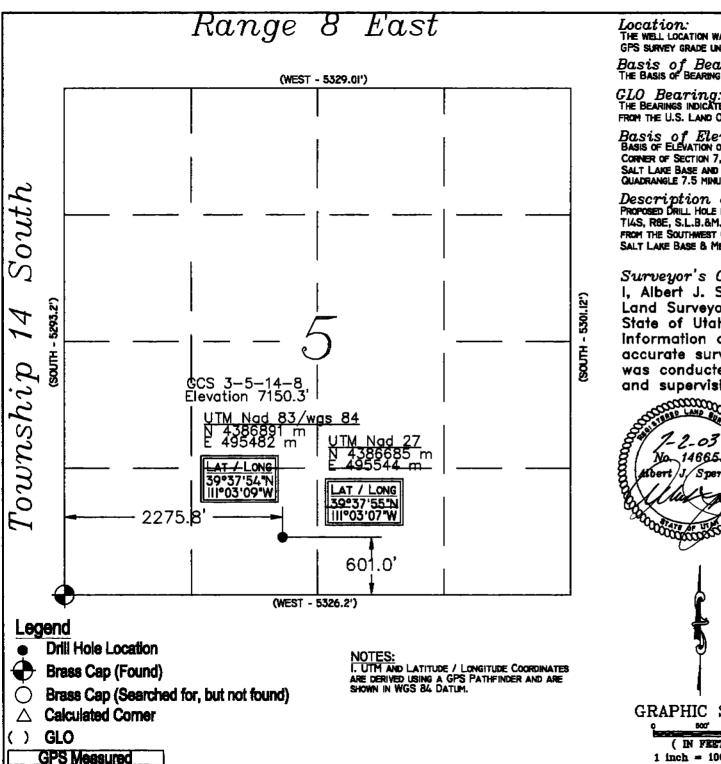
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DIV. OF OIL, GAS & MINING

AMENDED REPORT (highlight changes)

		APPLICA	TION FOR	PERMIT TO	DRILL		5. MINERAL, LEASE NO: ML- 46537	6. SURFACE: State
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B. TYPE OF WE	ıı: OIL 🗌	gas 🗹	OTHER	SIN	GLE ZONE 🗹	MULTIPLE ZON	8. UNIT OF CA AGREEMENT N/A	NAME:
2. NAME OF OPE	RATOR:						9. WELL NAME and NUMBE	R:
Klabzuba C	Oil and Gas,	, Inc.					Gordon Creek, S	tate 3-5-14-8
3. ADDRESS OF						ONE NUMBER:	10. FIELD AND POOL, OR V	
	treet, S. 13		v <b>er</b> sta	TE CO ZIP 80	202 (3	03) 382-2177	-Gordon Greek	
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	O NEAREST WELL R) ON THIS LEASE		MPLETED, OR	19. PROPOSED	DEPTH:		20. BOND DESCRIPTION:	
3,900'						4,000	Blanket B32644629	
21. ELEVATIONS	(SHOW WHETHE	R DF, RT, GR, E	TC.):	22. APPROXIMA	ATE DATE WORK WII	LL START:	23. ESTIMATED DURATION:	
7,150'	_			8/1/2003	<u> </u>		6 months	
24.			PROPOS	ED CASING A	ND CEMENTIN	IG PROGRAM		
SIZE OF HOLE	CASING SIZE,	GRADE, AND WE	EIGHT PER FOOT	SETTING DEPTH		CEMENT TYPE, QUA	ANTITY, YIELD, AND SLURRY WEIGH	Т
12-1/4"	8-5/8"	J-55 ST	24 #	2,000	Class G		300 sacks 1.15 cu.ft/s	k 15.8 ppg
7-7/8"	5-1/2"	J-55 ST	15.5#	4,000	<del> </del>	<del></del>	230 sacks 2.08 cu.ft/s	
					10-1 RFC	<del></del>	395 sacks 1.61 cu.ft/s	k 14.2 ppg
	<u> </u>							
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25.				ATTA	CHMENTS			
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NAME (PLEASE	PRINT) DON H	lamilton	) <b>/</b>			<del></del>	zuba Oil and Gas, Inc.	
SIGNATURE	1)on	Hamil	ton		DATE _	7/7/2003		<del></del>
(This space for Sta	të use only)							
			ļu.	Appr	oved by th	1 <b>0</b>	RECEIVED	
API NUMBER AS	SIGNED: <u>43</u>	-007-30	732		Division on a Brid Min		JUL 1 0 2003	

(11/2001)



Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing: THE BASIS OF BEARING IS GPS MEASURED.

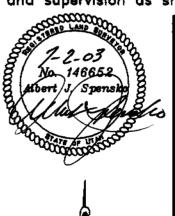
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:
Basis of Elevation of 7728' Being at the Southwest Section CORNER OF SECTION 7. TOWNSHIP 14 SOUTH, RANGE 8 EAST. SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE SEI/4 SWI/4 OF SECTION 5, TI4S, R8E, S.L.B.&M., BEING 601.0' NORTH AND 2275.8' EAST FROM THE SOUTHWEST CORNER OF SECTION 5, TI4S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.





Fax: 435-887-5311 KLABZUBA OiL & GAS

GCS 3-5-14-8 Section 5, T14S, R8E, S.L.B.&M. Carbon County, Utah

Talon Resources, Inc. 195 N. 100 W., P.O. Box 1230 Huntington, Utah 84528

Ph: 435-687-5310

BEN SCOTT	Checked By L.W.J. / A.J.S.
Drawing No.	Defe: 07/01/03
A-1	Sealer I" = 1000"
- 1 o 4	Jeb No. 1135



GRAPHIC SCALE

( IN FEET ) 1 inch = 1000 ft.

# DIVISION OF OIL, GAS AND MINING

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	FORM 3
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OF ACRES ASSIGNED	TO THIS WELL:
SCRIPTION:	
t B32644629	
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AND SLURRY WEIGHT	
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s 2.08 cu.ft/sk	12.5 ppg
s 1.61 cu.ft/sk	14.2 ppg

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B. TYPE OF W	ELL: OIL [	GAS 🗹	OTHER	sin	IGLE ZONE 🗜	MULTIPLE ZOI	NE N	NIT of CA AGREEMENT	NAME:
2. NAME OF OF			<u> </u>				9. V	ELL NAME and NUMBE	ER:
Klabzuba		s, Inc.			•		G	ordon Creek, S	State 3-5-14-8
3. ADDRESS OF		300 <sub>city</sub> Denve	<b>0.</b>		202	PHONE NUMBER:		FIELD AND POOL, OR 1	
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14. DISTANCE I	N MILES AND DI	RECTION FROM NEA	REST TOWN OR POS	T OFFICE:			12.0	COUNTY:	13. STATE:
13.09 mi	les northw	est of Price, L	Jtah	•			1 .	arbon	UTAH
15. DISTANCE T	O NEAREST PR	OPERTY OR LEASE I	JNE (FEET)	16. NUMBER C	F ACRES IN LEAS	E:	17. NUMBE	R OF ACRES ASSIGNE	D TO THIS WELL:
601'						1,679.36			160
18. DISTANCE T APPLIED FO	O NEAREST WE R) ON THIS LEA	LL (DRILLING, COMF SE (FEET)	LETED, OR	19. PROPOSED	O DEPTH:		20. BOND 6	ESCRIPTION:	
3,900'						4,000	Blank	et B32644629	
	S (SHOW WHET)	HER DF, RT, GR, ETC	i.):	22. APPROXIM	ATE DATE WORK	WILL START:	23. ESTIMA	TED DURATION:	· · · · · · · · · · · · · · · · · · ·
7,150'				8/1/200	3		6 mon	ths	
24.	·		PROPOSE	D CASING A	ND CEMENT	TING PROGRAM			
SIZE OF HOLE	CASING SIZ	E, GRADE, AND WER	HT PER FOOT	SETTING DEPTH		CEMENT TYPE, QU	IANTITY, YIELD	, AND SLURRY WEIGH	<del> </del>
12-1/4"	8-5/8"	J-55 ST	24#	2,000	Class G		300 saci	s 1.15 cu.ft/s	k 15.8 ppg
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25.				ATTA	CHMENTS				
PERIFY THE FOL	LOWING ARE A	TTACHED IN ACCOR	DANCE WITH THE UT	AH OIL AND GAS O	ONSERVATION G	ENERAL RULES:		CON	FIDENTIA
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	Don	Hamilton				A			,, , ,
NAME (PLEASE I	PRINT) DOI!	Hamilton			TITLE	Agent for Klab	zupa Oil	and Gas, Inc.	
SIGNATURE	J)	Hamilt	201		DATE	7/7/2003			
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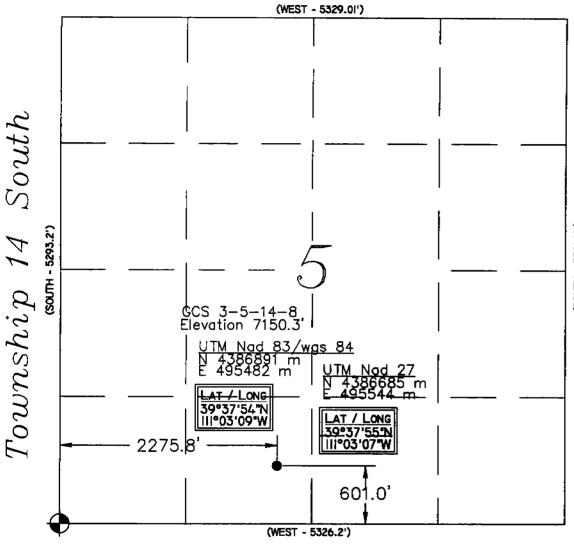
(11/2001)

APPROVAL:

DIV. OF OIL. GAS & MINING

JUL 1 0 2003

## 8 East Range



Legend

**Drill Hole Location** 

Brass Cap (Found)

Brass Cap (Searched for, but not found)

△ Caiculated Corner

GLO

**GPS Measured** 

NOTES:

I. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN WGS 84 DATUM.



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Basis of Bearing: THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

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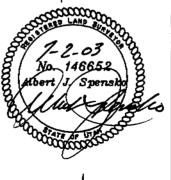
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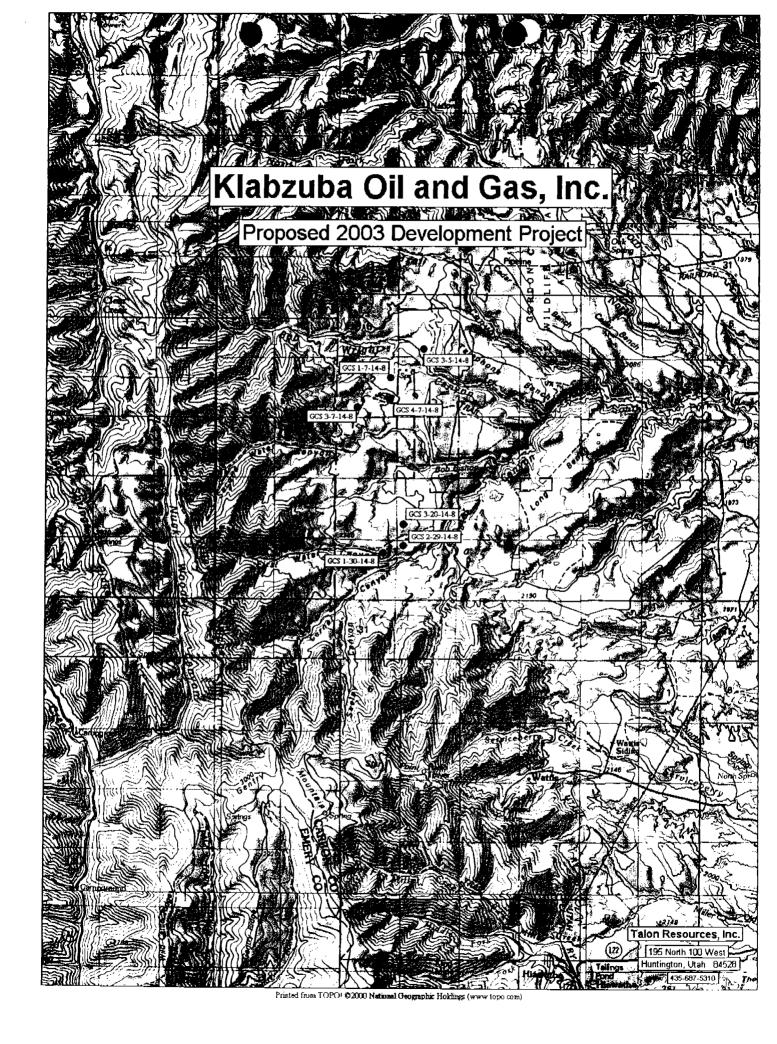
GRAPHIC SCALE

Talon Resources, Inc. 195 N. 100 W., P.O. Box 1230 Huntington, Utah 84528 Ph: 435-687-5310 Fax: 435-687-5311

> KLABZUBA OIL & GAS GCS 3-5-14-8

Section 5, T14S, R8E, S.L.B.&M. Carbon County, Utah

BEN SCOTT	Checked By: L.W.J. / A.J.S.	
Drewing No.	Delei 07/01/03	
A-1	Soales	
men 1 et 4	Jeb No. 1135	



# EXHIBIT "D" Drilling Program

Attached to UDOGM Form 3 Klabzuba Oil and Gas, Inc. Gordon Creek, State 3-5-14-8 SE/4 SW/4, Sec. 5, T14S, R8E, SLB & M 601' FSL, 2,276' FWL Carbon County, Utah

## 1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

# 2. Estimated Tops of Important Geologic Markers

 $\underline{MD}$ 

Mancos Blue Gate Marker

3,325

## 3. Projected Gas & Water Zones

Mancos Gas Zone:

2,100' - 2,875'

Ferron Sands:

3,420' - 3,740'

Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 2000 psi.

# 4. The Proposed Casing and Cementing Programs

HOLE	SETTING DEPTH	SIZE	WEIGHT,GRADE	CONDITION
SIZE	(INTERVAL)	(OD)	& JOINT	
12–1/4"	2000'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2000' - TD (±4000	') 5-1/2"	15.50# J-55 ST&C	New

# Cement Program -

**Surface Casing:** 

300 sacks G + 2 % CaCl<sub>2</sub> + 0.25 pps cellophane flakes;

Weight: 15.8 #/gal Yield: 1.15 cu.ft/sk Excess: 125%

**Production Casing:** 

230 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake

Weight: 12.5 #/gal Yield: 2.08 cu.ft/sk

Excess: 25%

395 sacks 10-1 RFC with 0.25 pps cellophane flakes

Weight: 14.2 #/gal Yield: 1.61 cu.ft/sk

Excess: 25%

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning:
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

# 5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

## 6. The Type and Characteristics of the Proposed Circulating Muds

0-2000 12-1/4" hole Drill with air, will mud-up if necessary.

2000-TD 7-7/8" hole Drill with air, will mud-up if necessary.

500 psi @ 1500-2300 Scf.

# 7. The Testing, Logging and Coring Programs are as followed

2000-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

## Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

## 8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: 8/1/2003.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests:
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

# EXHIBIT "E" Multipoint Surface Use Plan

Attached to UDOGM Form 3 Klabzuba Oil and Gas, Inc. Gordon Creek, State 3-5-14-8 SE/4 SW/4, Sec. 5, T14S, R8E, SLB & M 601' FSL, 2,276' FWL Carbon County, Utah

#### 1. Existing Roads

- a. The proposed access road will encroach the gravel-surfaced Trail Canyon Road under Carbon County Mainteance in which approval to utilize and encroach has previously been received. An existing approach will be utilized that presently accesses the Klabzuba Gathering Trunk Line (see Exhibit "B").
- b. The proposed access road will utilize a portion of the existing maintenance road for the Klabzuba Gathering Trunk Line.
- c. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition.

#### 2. Planned Access

- a. Approximately 0.26 miles of new access will be required (see Exhibit "B").
- b. Maximum Width: 20' travel surface with a 27' base.
- c. Maximum grade: 10%.
- d. Turnouts: None.
- e. Drainage design: approximately 2-18" culverts may be required. Water will be diverted away from the planned access as necessary and practical.
- f. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

#### 3. Location of Existing Wells

a. There are two proposed wells and one existing well within a one mile radius of the proposed well site (see Exhibit "B").

#### 4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Buried gathering lines will follow the proposed access road to the existing Klabzuba Gathering Trunk Line where they will tie into the existing network (see Exhibit "B").
- c. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

#### 5. Location and Type of Water Supply

a. Water to be used for drilling and completion activities may be obtained from one or all of the following sources:

Price River Water Improvement District, a local source of municipal water.

The existing water well near the Gordon Creek Unit #1

Ditch or creek water

- b. If water is obtained from the well, ditch or creek they will be properly permited with the Utah State Division of Water Rights and a copy of the permit and pertinent information supplied to the Utah Division of Oil, Gas and Mining.
- c. Water will be transported by truck over approved access roads.
- d. No new water well is to be drilled for this location.

#### 6. Source of Construction Materials

- a. All necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

#### 7. Methods for Handling Waste Disposal

- a. Since the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or pad location
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

#### 8. Ancillary Facilities

a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

#### 9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. The location of mud tanks, reserve and bermed pits, and soil stockpiles will be located as shown on Exhibit "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the flare pit. The flare pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

#### 10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and recontoured to minimize possible erosion.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.
- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by the existing conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured.

## 11. Surface Ownership

a. The wellsite will be constructed on surface owned by the State of Utah but managed by the Utah State Division of Wildlife Resources:

State Office: Bill James – Habitat Section Chief
1594 West North Temple, Suite 2110, SLC, Utah 84114
801-538-4752
Field Office: Chris Colt – Habitat Manager
475 West Price River Drive, Suite C, Price, Utah 84501
435-636-0279

b. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

#### 12. Other Information:

- a. The primary surface use is wildlife habitat. The nearest dwelling is approximately 6.41 miles southeast. Nearest live water is Summerhouse Spring approximately 2,200' southwest.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The backslope and foreslope will be constructed no steeper than 4:1.
- d. All equipment and vehicles will be confined to the access road and well pad.

- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be at the well site during construction and drilling operations.
- f. There will be no deviation from the proposed construction, drilling, and/or workover program without prior approval from the Division of Oil, Gas & Mining.

## 13. Company Representative

George Rooney Klabzuba Oil and Gas, Inc 700 – 17<sup>th</sup> Street Suite 1300 Denver, Colorado 80202 1-303-382-2177 1-303-619-1908

## **Permitting Consultant**

Don Hamilton Agent for Klabzuba Oil and Gas, Inc. Talon Resources, Inc. 195 North 100 West; P.O. Box 1230 Huntington, Utah 84528 1-435-650-1886 1-435-687-5310

Company Representative

### Mail Approved A.P.D. To:

#### 14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Klabzuba Oil and Gas, Inc. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

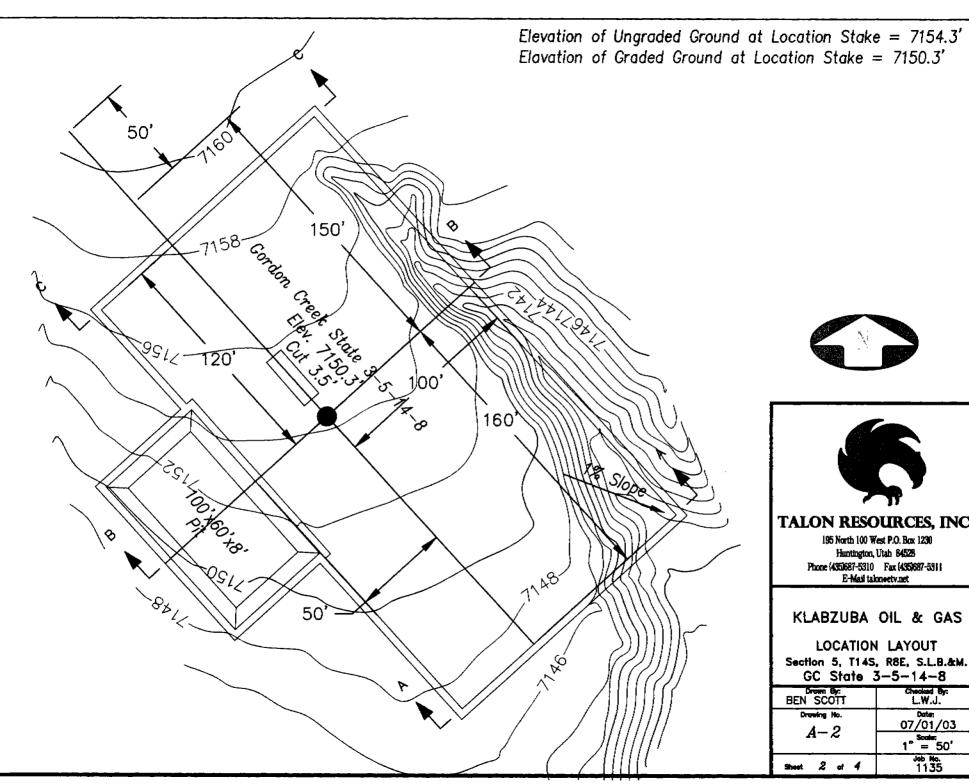
7-7-03

Don Hamilton

Agent for Klabzuba Oil and Gas, Inc.

**Excavation Contractor** 

Dennis Jensen Vice President JNR Construction P.O. Box 1598 Roosevelt, Utah 84066 1-435-722-3996 1-435-823-6590







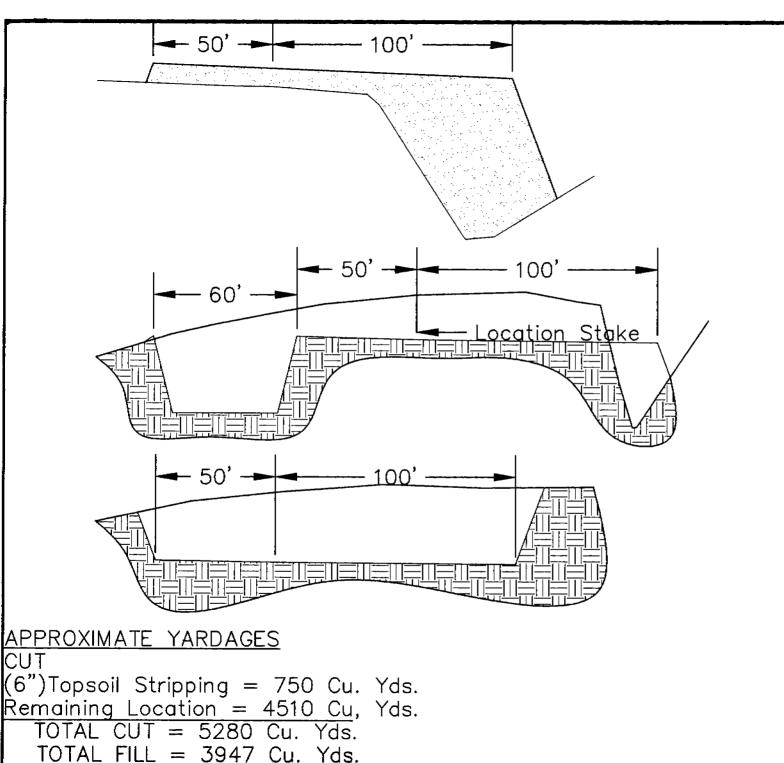
# TALON RESOURCES, INC.

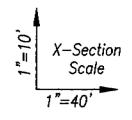
195 North 100 West P.O. Box 1230 Huntington, Utah 84528 Phone (435)687-5310 Fax (435)687-5311 E-Mail taloneetv.net

# KLABZUBA OIL & GAS

LOCATION LAYOUT Section 5, T14S, R8E, S.L.B.&M. GC State 3-5-14-8

Drown By: BEN SCOTT	Checked By: L.W.J.
Drowing No.	Date: 07/01/03
A-2	1" = 50'
Sheet 2 of 4	Job No. 1135





Slope = 1 1/2 : (Except Pit) Pit Slope = 1 ;



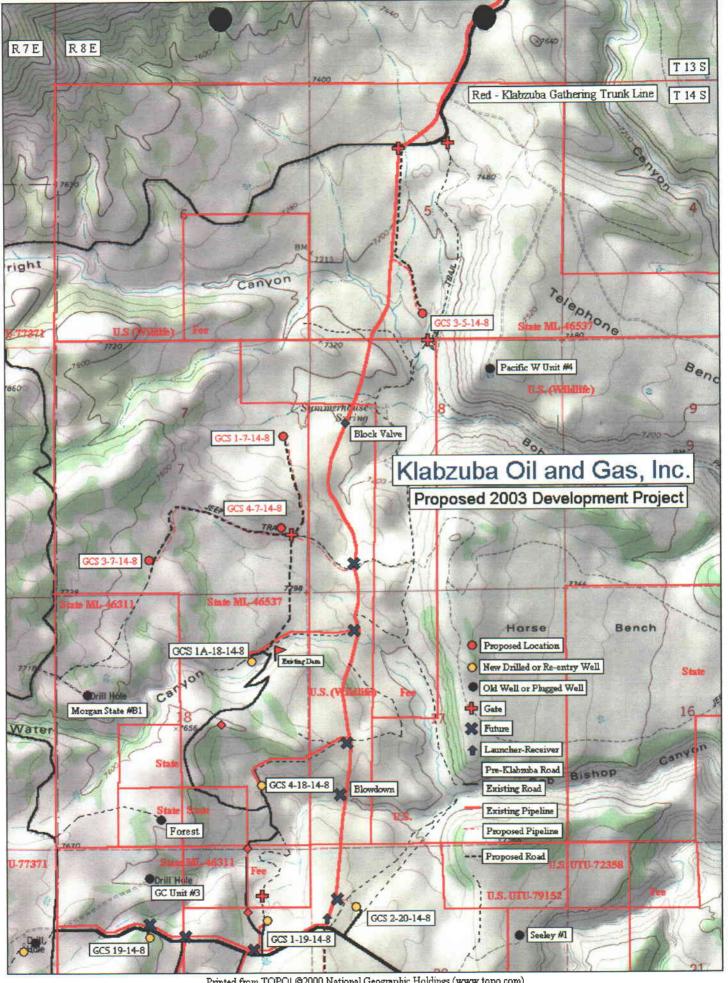
# TALON RESOURCES, INC

195 North 100 West P.O. Box 1230 Huntington, Utah 84528 Phone (435)687-5310 Fax (435)687-5311 E-Mail talonety net

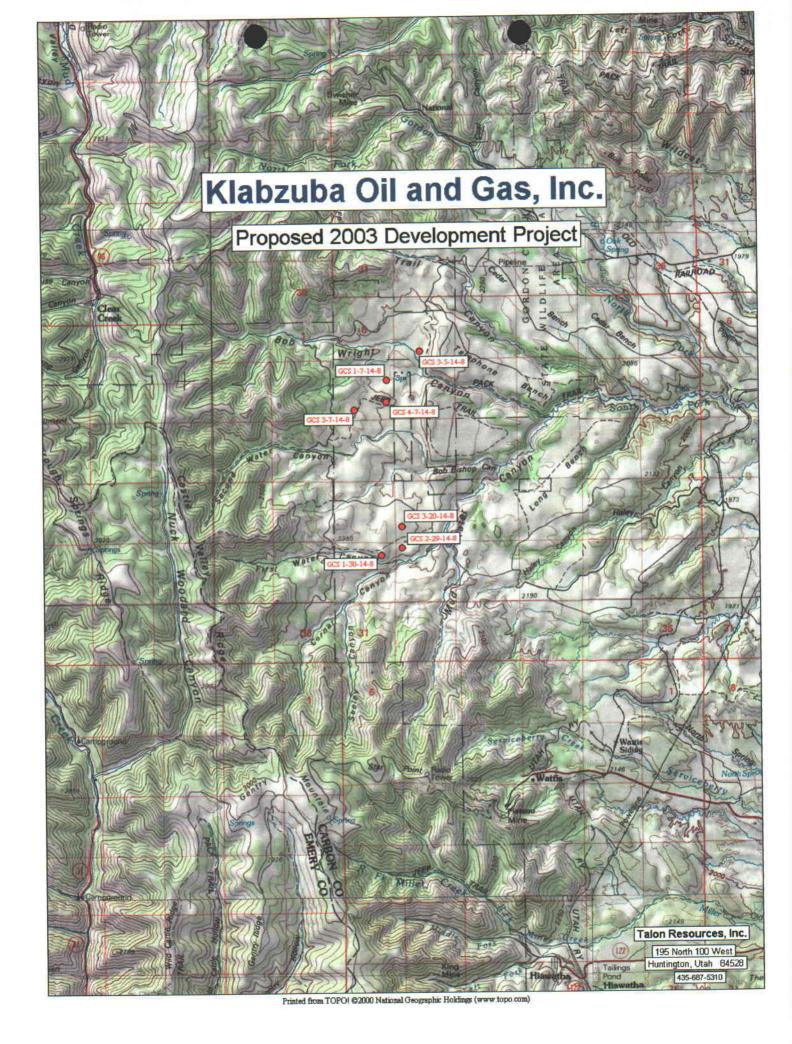
# KLABZUBA OIL & GAS

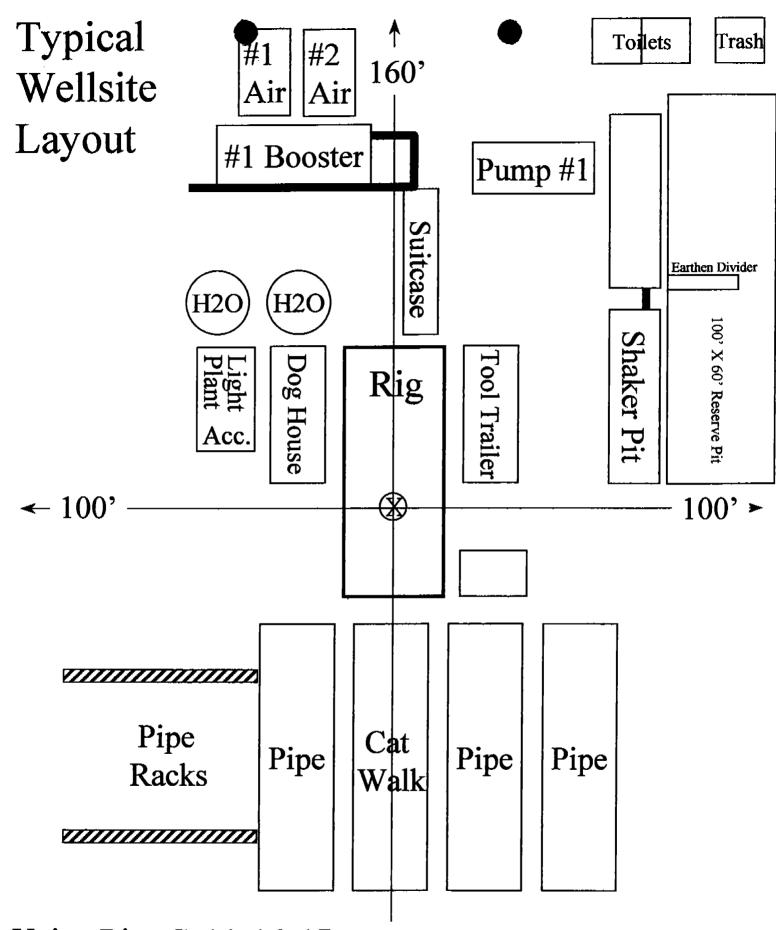
TYPICAL CROSS SECTION Section 5, T14S, R8E, S.L.B.&M. GC State 3-5-14-8

Drawn By: BEN SCOTT	Checked By: L.W.J.	
Drawing No.	Date: 07/01/03	
C-1	Scale: 1" = 40'	
Sheet 3 of 4	Job No. 1135	



Printed from TOPO! @2000 National Geographic Holdings (www.topo.com)

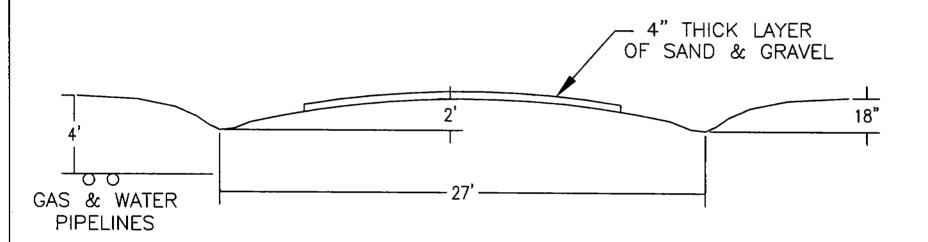




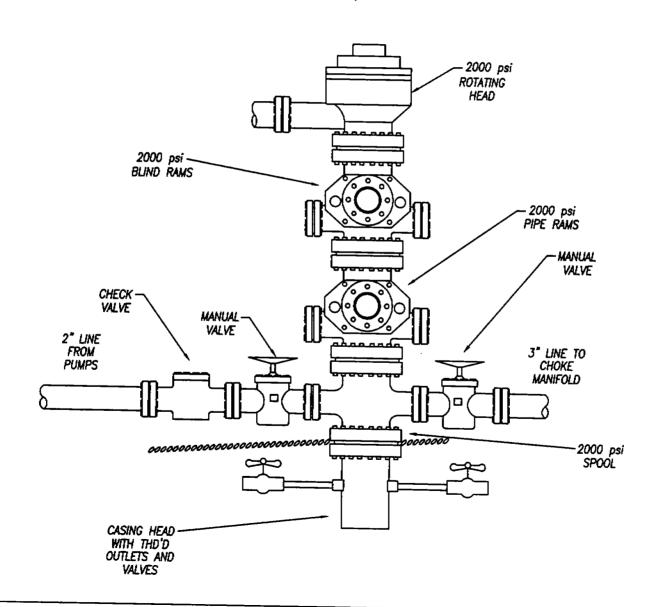
Union Rig - 7, 14, 16, 17 140° Location Size - 280° L x 200° W ↓

**EXHIBIT C** 

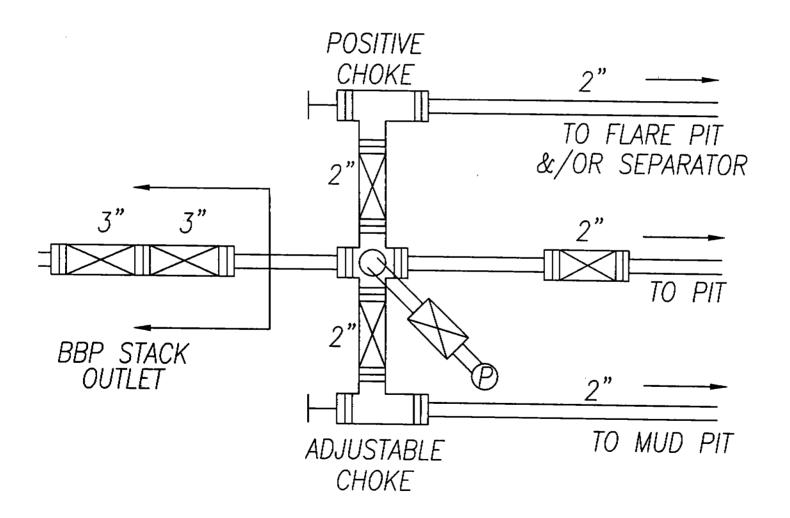
# TYPICAL ROAD CROSS-SECTION

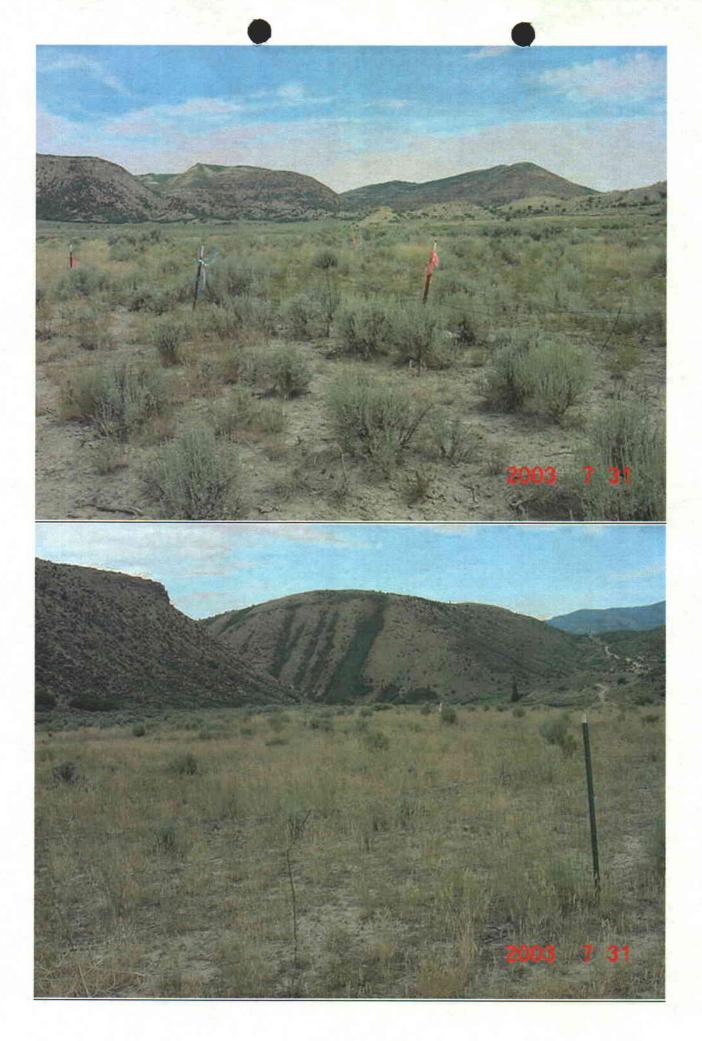


# BOP Equipment 2000psi WP



# CHOKE MANIFOLD



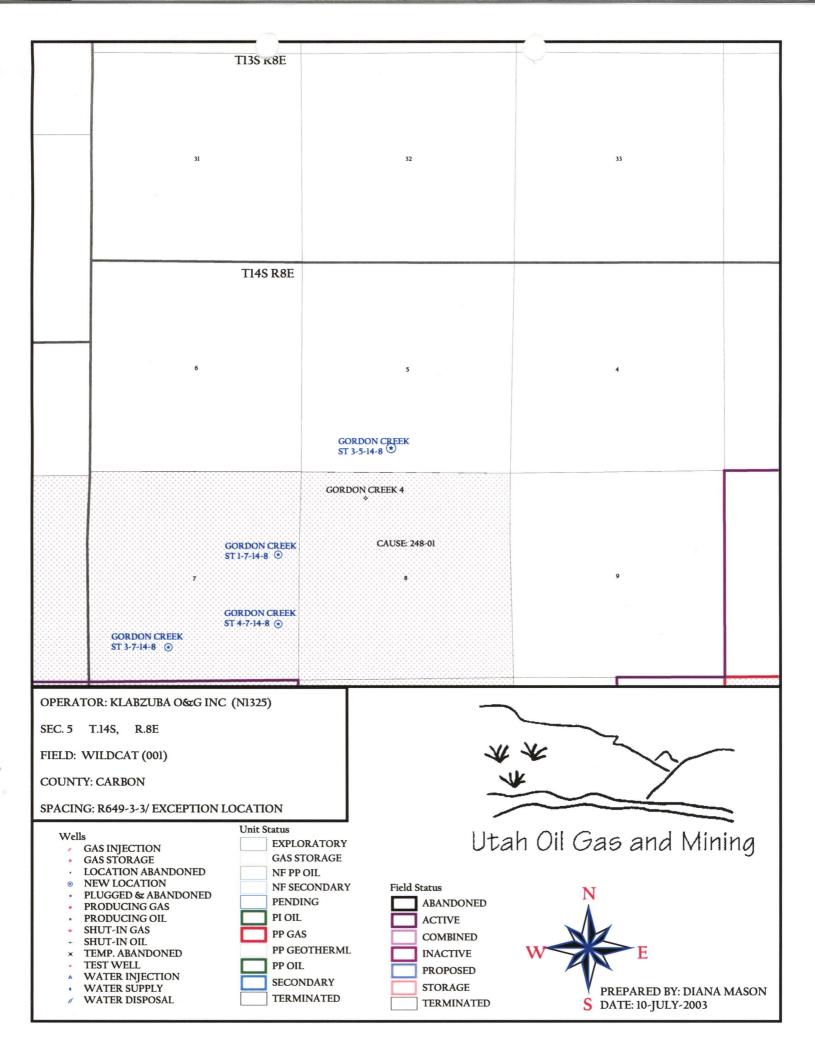




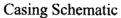


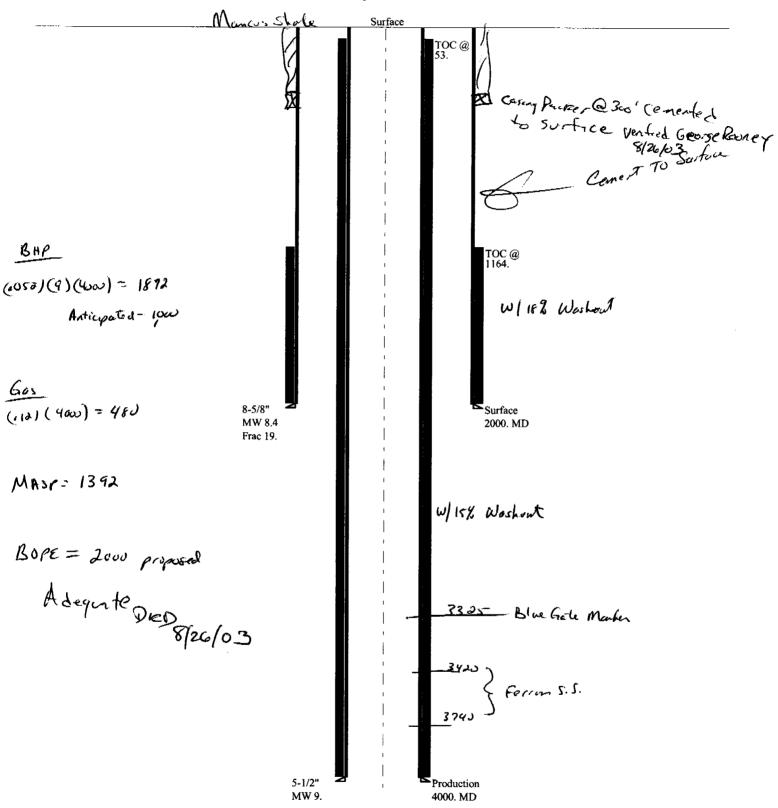
# WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/10/2003	API NO. ASSIGN	ED: 43-007-3093	32
WELL NAME: GORDON CREEK ST 3-5-14-8  OPERATOR: KLABZUBA OIL & GAS INC ( N1325 )  CONTACT: DON HAMILTON	PHONE NUMBER: 4	35-687-5310	······
PROPOSED LOCATION:	INSPECT LOCATI	1 BY: / /	
SESW 05 140S 080E SURFACE: 0601 FSL 2276 FWL	Tech Review	Initials	Date
BOTTOM: 0601 FSL 2276 FWL	Engineering	DRO	8/200
CARBON WILDCAT ( 1 )	Geology	DIG	8/26/03
LEASE TYPE: 3 - State	Surface		
LEASE NUMBER: ML-46537  SURFACE OWNER: 3 - State  PROPOSED FORMATION: FRSD  RECEIVED AND/OR REVIEWED:	LATITUDE: 39.6 LONGITUDE: 111. LOCATION AND SIT	05197	
Bond: Fed[] Ind[] Sta[3] Fee[]   (No. B32644629 )   Potash (Y/N)   N Oil Shale 190-5 (B) or 190-3 or 190-13   Water Permit (No. MUNICIPAL )   RDCC Review (Y/N) (Date: 07/25/2003 )   NA Fee Surf Agreement (Y/N)	Drilling Un Board Cause Eff Date: Siting:	General From Qtr/Qtr & 920' Exception it	
COMMENTS: Needs Presid (Read 1/3	3//.3)		
STIPULATIONS: 1- SPACING STIP	Basis		



# 9-02 Klabzuba Gordon Creek 3-5-14-8





Well name:

09-02 Klabzuba Gordon Creek 3-5-14-8

Operator:

Klabzuba Oil & Gas Inc.

String type:

Surface

43-007-30932

Location:

Carbon County

Minimum design factors:

**Environment:** 

Collapse

Mud weight:

Design parameters:

Collapse: 8.400 ppg Design factor H2S considered?

No 65 °F

Design is based on evacuated pipe.

Surface temperature: Bottom hole temperature:

93 °F

Temperature gradient: Minimum section length:

Non-directional string.

1.40 °F/100ft 250 ft

Burst:

Design factor

1.00 Cement top: 1,164 ft

**Burst** 

Max anticipated surface

No backup mud specified.

pressure: Internal gradient: Calculated BHP

0 psi

0.468 psi/ft 935 psi

Tension:

**Buttress:** 

8 Round STC:

1.80 (J) 1.80 (J)

1.125

1.60 (J) 1.50 (J)

1.748 ft

Premium: Body yield:

Neutral point:

8 Round LTC:

1.50 (B)

Re subsequent strings:

Next setting depth: Next mud weight: Next setting BHP:

4.000 ft 9.000 ppg 1,870 psi

Fracture mud wt: Fracture depth: Injection pressure 19.000 ppg 2,000 ft 1,974 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	2000	8.625	24.00	J-55	ST&C	2000	2000	7.972	13103
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.570	935	2950	3.16	48	244	5.08 J

Tension is based on air weight.

Prepared

Clinton Dworshak

Utah Div. of Oil & Mining by:

Phone: 801-538-5280 FAX: 801-359-3940

Date: August 14,2003 Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE** 

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Burst strength is not adjusted for tension.

Well name:

09-02 Klabzuba Gordon Creek 3-5-14-8

Operator:

Klabzuba Oil & Gas Inc.

String type:

Production

Project ID:

43-007-30932

Location:

Carbon County

Minimum design factors: **Environment:** 

1.00

Collapse

Mud weight: 9.000 ppg Design is based on evacuated pipe.

Collapse: Design factor 1.125 H2S considered?

No 65 °F Surface temperature: Bottom hole temperature: 121 °F

Temperature gradient:

1.40 °F/100ft Minimum section length:

250 ft

Burst:

Design factor

Cement top:

53 ft

**Burst** 

Max anticipated surface

No backup mud specified.

pressure:

0 psi

Internal gradient: Calculated BHP

Design parameters:

0.468 psi/ft 1,870 psi

**Tension:** 

1.80 (J) 8 Round STC: 8 Round LTC:

1.80 (J) Buttress: 1.60 (J) Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on air weight. Neutral point: 3.455 ft Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	4000 -	5.5	15.50	J-55 /	ST&C	4000	4000	4.825	16934
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design
1	1870	4040	2.160	1870	4810	2.57	(Kips) 62	( <b>Kips)</b> 202	Factor 3.26 J

Prepared

Clinton Dworshak

Utah Div. of Oil & Mining by:

Phone: 801-538-5280 FAX: 801-359-3940

Date: August 14,2003 Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE** 

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Burst strength is not adjusted for tension.

# UTAH DIVISION OF WATER RIGHTS WATER RIGHT POINT OF DIVERSION PLOT CREATED THU, AUG 14, 2003, 8:06 AM PLOT SHOWS LOCATION OF 16 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT N 601 FEET, E 2276 FEET OF THE SW CORNER, SECTION 5 TOWNSHIP 14S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET

NORTH 1 2

# UTAH DIVISION OF WATER RIGHTS NWPLAT POINT OF DIVERSION LOCATION PROGRAM

																	U A
MAP CHAR	WATER RIGHT			UANTITY AND/OR		SOURCE DI DIAMETER		EPTH EPTH			) NORTH				TION RNG	B&M	N P N P
	<b></b> 91 397		0000			00 Dah Wasiah											
•	<u> </u>			STOCKWA		00 Bob Wright	cany	yon Cr	eeĸ				PRIORIT	v hame.	00/00	1/196	, <b>T</b>
						ildlife Reso	1594	1 West	North	Templ	e, St	e 2110		Lake C	•		UT 8
1	91 3216		.0000		•	00 Unnamed St	ream										
		WATER	USE(S):	STOCKWA	PERING								PRIORIT	Y DATE:	00/00	/186	9
		State	of Utah	Division	n of W	ildlife Resou	1594	4 West	North	Templ	e, St	e 2110	Salt	Lake C	ity		8 TU
2	91 3216		.0000		. 1	00 Unnamed St	ream										
		WATER	USE(S):	STOCKWAY	<b>TERING</b>								PRIORIT	Y DATE:	00/00	/186	9
		State	of Utah	Division	n of W	ildlife Resou	1594	1 West	North	Templ	e, St	e 2110	Salt	Lake C	ity		UT 8
3	91 3113		.0000		. 1	00 Unnamed St	ream										
		WATER	USE(S):										PRIORIT	Y DATE:	00/00	/186	9
		Oman,	Milton	A.			717	Conti	nental	Bank	Build:	ing	Salt	Lake C.	ity		UT

3	91 3113 .0000 WATER USE(S):	.00 Unnamed Stream	PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
4		.00 Unnamed Stream	
	WATER USE(S): STOCKWATER State of Utah School & I	ING nstitutional Tru 675 East 500 South, 5th Floor	PRIORITY DATE: 00/00/1869 Salt Lake City UT 8
_			bare bake city of o
5	91 3109 .0000 WATER USE(S):	.00 Bob Wright Canyon Creek	PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
5	91 3097 .0110	00 Hanamad Gustins	-
,	WATER USE(S): DOMESTIC	.00 Unnamed Spring	PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
5	91 3099 .0110	.00 Unnamed Spring	
J	WATER USE(S): DOMESTIC	.00 omamed Spring	PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Contintental Bank Building	Salt Lake City UT
6	91 3105 .0000	.00 Unnamed Stream	
	WATER USE(S):	Vice communical Soft Game	PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
6	91 3105 .0000	.00 Unnamed Stream	
	WATER USE(S):		PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
7	91 3109 .0000	.00 Bob Wright Canyon Creek	
	WATER USE(S):		PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
7	91 3107 .0000	.00 Unnamed Stream	•
	WATER USE(S):		PRIORITY DATE: 00/00/1869
	Oman, Milton A.	717 Continental Bank Building	Salt Lake City UT
7	<u>91 3107</u> .0000	.00 Unnamed Stream	
	WATER USE(S): Oman, Milton A.	717 Continuetal David David Advan	PRIORITY DATE: 00/00/1869
	Ontail, Pillon A.	717 Continental Bank Building	Salt Lake City UT
7	91 3101 .0110	.00 Unnamed Spring	
	WATER USE(S): DOMESTIC Oman, Milton A.	717 Continental Bank Building	PRIORITY DATE: 00/00/1869 Salt Lake City UT
		71, Continental bank building	Salt Lake City UT
8	91 554 .0000	.00 Bob Wright Canyon Creek	
	WATER USE(S):		PRIORITY DATE: 00/00/1869

State of Utah Division of Wildlife Resou 1594 West North Temple, Ste 2110

Salt Lake City

UT 8

# DIVISION OF OIL, GAS AND MINING APPLICATION FOR PERMIT TO DRILL STATEMENT OF BASIS

OPERATOR:	Klabzuba Oil and Gas
WELL NAME & NUMBER:	Gordon Creek State 3-5-14-8
API NUMBER:	43-007-30932
LOCATION: 1/4,1/4 SESW Sec:	5 TWP: 14S RNG: 8E 601 FSL 2276 FWL

## Geology/Ground Water:

This location is just beyond the northernmost expression of a north-south trending graben valley, the west-side bounding fault of which is approximated to terminate about a mile southwest on the Nephi 30' X 60' geologic map (I-1937). It is about 600 feet west of the east-side bounding fault of the graben. The silty, poorly permeable soil is developed on the Quaternary Alluvium thinly covering the Upper Portion of the Blue Gate Member of the Mancos Shale. Several units of the Emery Sandstone Member of the Mancos Shale are likely to be present in the strata below this location. If the Garley Canyon Sandstone and other superjacent units of the Emery Sandstone Member are present (probable) and wet (possible - standing water was found in upper Garley Canyon Beds in Pinnacle Canyon ~7 miles southeast), these strata should be included within the interval protected by the surface casing string. The operator should be informed of the likelihood of these units being saturated and respond to protect the zones by extending the surface casing string as needed. Extending the proposed casing and cement will adequately isolate any shallow zones containing water. Within a mile of the location numerous water rights have been filed, however, none of these involve subsurface water resources.

Reviewer: Christopher J. Kierst Date: 8/14/2003

#### Surface:

Proposed location is ~13.5 miles NW of Price, Utah on surface owned by the Division of Wildlife Resources. The surface is managed as a big game wildlife refuge. Obvious concerns exist with the DWR relating to surface reclamation, access restriction, drilling restrictions, ect. on the refuge. These concerns were discussed at the on-site and will be further discussed in the surface use agreement still to be negotiated. Staked location lies just east of the mouth of Bob Wright Canyon in the Gordon Creek Drainage area. The direct area drains southeast into Bob Wright Canyon, then further east into Consumers Wash and eventually into the Price River, a year-round live water source 12 miles east of the proposed location. Dry washes are typical throughout the area. DWR was in attendance for this on-site inspection. SITLA, and Carbon County we're invited but chose not to attend the onsite.

Reviewer: Mark L. Jones	Date:_	August 12, 2003
-------------------------	--------	-----------------

## Conditions of Approval/Application for Permit to Drill:

- 1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
- 3. Berm the location and pit.
- 4. Diversion ditches and culverts where necessary to control run-off.

From:

**Ed Bonner** 

To:

Mason, Diana

Date: Subject: 8/8/03 11:15AM Well Clearence

The following wells have been given cultural resource clearence by the Trust Lands Cultural Resources Group:

Fortuna (US), Inc Flat Canyon State 36-3

Klabzuba

Gordon Creek State 3-5-14-8

Bill Barrett Corporation Prickly Pear Unit State #13-16

Westport Oil & Gas NBU 1021-20

If you have any questions regarding this matter please give me a call.

CC:

Garrison, LaVonne; Hill, Brad; Hunt, Gil

# ON-SITE PREDRILL EVALUATION Division of Oil, Gas and Mining

OPERATOR: Klabzuba Oil and Gas

**WELL NAME & NUMBER:** Gordon Creek State 3-5-14-8

**API NUMBER:** 43-007-30932

LEASE: State FIELD/UNIT:

LOCATION: 1/4,1/4 SESW Sec: 5 TWP: 14S RNG: 8E 601 FSL 2276 FWL LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.

GPS COORD (UTM): X = 495544 E; Y = 4386685 N SURFACE OWNER: DWR

#### **PARTICIPANTS**

M. Jones (DOGM), George Rooney (Klabzuba), Larry Johnson (TALON), C. Colt (DWR), we're in attendance for the on-site of this well. SITLA, and Carbon County were invited but chose not to attend the onsite.

#### REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~13.5 miles NW of Price, Utah on surface owned by the Division of Wildlife Resources. The surface is managed as a big game wildlife refuge. Staked location lies just east of the mouth of Bob Wright Canyon in the Gordon Creek Drainage area. The direct area drains southeast into Bob Wright Canyon, then further east into Consumers Wash and eventually into the Price River, a year-round live water source 12 miles east of the proposed location. Dry washes are typical throughout the area.

#### SURFACE USE PLAN

CURRENT SURFACE USE: Wildlife habitat and grazing.

PROPOSED SURFACE DISTURBANCE:  $220' \times 310'$  and an excluded  $100' \times 60' \times 8'$  pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 3 proposed, and 1 PA well is within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadside.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.

ANCILLARY FACILITIES: None anticipated.

#### WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit, then into storage tanks, and trucked to a proper disposal site. Eventually, produced water may be re-injected into other zones via a salt-water disposal well. Used oil from drilling operations and support will be hauled to a used oil recycler and reused.

### ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes.
FLORA/FAUNA: <u>Sagebrush, grasses, rabbit brush, Elk, deer, moose, smallgame, rodents, fowl.</u>
SOIL TYPE AND CHARACTERISTICS: Clay loam.
EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.
PALEONTOLOGICAL POTENTIAL: None observed.
RESERVE PIT
CHARACTERISTICS: Dugout earthen pit.
LINER REQUIREMENTS (Site Ranking Form attached): Liner required.
SURFACE RESTORATION/RECLAMATION PLAN
As per surface use agreement.
SURFACE AGREEMENT: As per DWR.
CULTURAL RESOURCES/ARCHAEOLOGY: <u>Completed 6/25/2003 by Montgomery and placed</u>
OTHER OBSERVATIONS/COMMENTS
ATTACHMENTS
Photos of this location were taken and placed on file.
Mark L. Jones July 31, 2003 / 11:00 am  DOGM REPRESENTATIVE DATE/TIME

	,	_
Site-Specific Factors	Ranking	Site Ranking
Distance to Groundwater (feet) >200	0	
100 to 200	0 5	
75 to 100	10	
25 to 75	15	_
<25 or recharge area	20	0
Distance to Surf. Water (feet)	_	
>1000 300 to 1000	0 2	
200 to 300	10	
100 to 200	15	
< 100	20	10
Distance to Nearest Municipal		
Well (feet) >5280	0	
1320 to 5280	0 5	
500 to 1320	10	
<500	20	0
Distance to Other Wells (feet)		
>1320	0	
300 to 1320 <300	10 20	0
1300	20	0
Native Soil Type		
Low permeability Mod. permeability	0 10	
High permeability	20	15
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000 TDS >10000 or Oil Base Mud Fluid	10	
containing significant levels of	15	
hazardous constituents	20	10
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	0
Annual Precipitation (inches)		
<10	0	
10 to 20 >20	5 10	10
. 20	10	
Affected Populations		
<10 10 to 30	0 <b>6</b>	
30 to 50	8	
>50	10	0
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown Present	10 15	0
Final Score	Level	I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required. Sensitivity Level II = 15-19; lining is discretionary. Sensitivity Level III = below 15; no specific lining is required. From:

Steven Parkin

To: Date: Diana Mason

Subject:

7/28/03 9:43AM
DAQ Comment to Proposed Well Drilling

Diana.

The Division Of Air Quality offers the following guidance:

The proposed well drilling projects known generally as:

- (1) Trail Canyon 2-34 wildcat well on State lease ML-46107, (RDCC #3074), Grand County, Utah, and
- (2) Gordon Creek, State 3-5-14-8 well, ML-46537, (RDCC #3058), Carbon County, Utah,

may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order. A copy of the rules are found at <a href="https://www.rules.utah.gov/publicat/code/r307/r307.htm">www.rules.utah.gov/publicat/code/r307/r307.htm</a>.

## SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

Drew Sitterud CHAIRMAN

William D. Howell Executive Director



775 SOUTH CARBON AVE. P.O. DRAWER 1106 PRICE, UTAH 84501 (435) 637-5444 FAX (435) 637-5448

## AREA WIDE CLEARINGHOUSE REVIEW

Federal Action	State Action	Approved	(	) Yes	(	) No
Other (indicate)						
Applicant Address:						
Oil, Gas and Mining		، برند در سرد دست کی در				
1594 West North Templ	e #1210					
Salt Lake City, UT 8411	4-5801	Phone Number:	801-	-538-531	2	
Title/Project Description	n Application for p	ermit to drill - Klabzul	ba Oil	and Gas	. Inc.	
proposes to drill the Gor						
46537, Carbon County, I		··· o won (andosignate	d) OII		30 141	
40357, Caroon County, (	Juli.					
No Comment						
See comment below						
Comments: Approved	on July 17, 2003 at S	EUAOG Executive Bo	ard M	eeting.		
					<u> </u>	
			· <del>·</del> ···		"	
				RE	CE	VED
				JUL	<u>.</u> 2 1	2003
, ,				DIV. OF O	IL, GA	S & MININ
Loriane Ber	ryhell	7/17/03				
SEUALG	/	DATE				

#### STATE ACTIONS

## Governor's Office of Planning and Budget Resource Development Coordinating Committee P.O. Box 145610

#### 1594 W. North Temple, Suite 3710 SLC, UT 84114-5610

538-5535

1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801  3. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments  4. Type of action: //Lease /X/Permit //License // Land Acquisition //Land Sale //Land Exchange //Other	1. Administering State Agency	2. Approximate date project will start:
Salt Lake City, UT 84114-5801  3. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments  4. Type of action: //Lease /X/Permit //License //Land Acquisition  //Land Sale //Land Exchange //Other  5. Title of proposed action: Application for Permit to Drill  6. Description:  Klabzuba Oil and Gas, Inc. proposes to drill the Gordon Creek, State 3-5-14-8 well (undesignated) on State lease ML-46537, Carbon County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.  7. Land affected (site location map required) (indicate county) – include UTM coordinates where possible 601° FSL, 2,760° FWL, SE4, SW.4, Section 5, Township 14 South, Range 8 East, Carbon County, Utah  8. Jordan River Natural Areas Forum review – If the proposed action affects lands within the Jordan River Natural Areas Corridor.  N/A  9. Has the local government(s) been contacted? No If yes, What was contacted? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?  10. Possible significant impacts likely to occur: Degree of impact is based on the discovery of oil or gas in commercial quantities.  11. Name and phone of district representative from your agency near project site, if applicable: N/A  12. For further information, contact:  13. Signature and title of authorized officer  John R. Baza, Associate Director	Oil, Gas and Mining	
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Diana Mason  John R. Baza, Associate Director	12. For further information, contact:	13. Signature and title of authorized officer
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Di (001) 500 5010		I Shak Dage
Di (001) 500 5010	Diana Mason	John R. Baza Associate Director



Michael O. Leavitt Governor Robert L. Morgan Executive Director

Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5340 telephone (801) 359-3940 fax (801) 538-7223 TTY www.nr.utah.gov

August 26, 2003

Klabzuba Oil & Gas, Inc. 700-17th Street, Suite 1300 Denver, CO 80202

Re:

Gordon Creek State 3-5-14-8 Well, 601' FSL, 2276' FWL, SE SW, Sec. 5, T. 14 South,

R. 8 East, Carbon County, Utah

#### Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30932.

Sincerely,

Jøhn R. Baza

Associate Director

pab

Enclosures

cc:

Carbon County Assessor

**SITLA** 



Operator:	Klabzuba Oil & Gas, Inc.	
Well Name & Number	Gordon Creek State 3-5-14-8	
API Number:	43-007-30932	
Lease:	ML-46537	

Location: SE SW

**Sec.** 5

T. 14 South

R. 8 East

#### **Conditions of Approval**

#### 1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### 2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

#### 3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

- 4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
- 5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
- 6. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

Page 2 Conditions of Approval API# 43-007-30932 August 26, 2003

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES

005	DIVISION OF OIL, GAS AND M	IINING		ML-46537
SUNDR	Y NOTICES AND REPORT	S ON WEL	LS	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
Do not use this form for proposals to drift drill horizontal	new wells, significantly deepen existing wells below outleterals. Use APPLICATION FOR PERMIT TO DRILL	urrent bottom-hole depi form for such propose	h, reenter plugged welts, or to is.	7. UNIT or CA AGREEMENT NAME: undesignated
1. TYPE OF WELL OIL WELL	. GAS WELL 🗹 OTHER		- 3 29 4	8. WELL NAME and NUMBER: Gordon Creek, State 3-5-14-8
2. NAME OF OPERATOR: Klabzuba Oil and Gas, In	<b>c</b> .		Advantages of the state of the	9. API NUMBER 4300730932
3. ADDRESS OF OPERATOR: 700-17th St., S.1300	Denver SMATE CO	80202	PHONE NUMBER: (303) 382-2177	10. FIELD AND POOL, OR WILDCAT: Gordon Creek
4. LOCATION OF WELL FOOTAGES AT SURFACE: 601' F	FSL, 2,276' FWL			соинту: Carbon
QTR/QTR, SECTION, TOWNSHIP, RA	NGE, MERIDIAN: SESW 5 14S	8E S		STATE: UTAH
11. CHECK APP	ROPRIATE BOXES TO INDICA	TE NATURE	OF NOTICE, REPO	RT, OR OTHER DATA
TYPE OF SUBMISSION		ר	PE OF ACTION	
NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start:	ACIDIZE  ALTER CASING  CASING REPAIR  CHANGE TO PREVIOUS PLANS  CHANGE TUBING	DEEPEN FRACTURE NEW CONS OPERATOR PLUG AND /	TRUCTION CHANGE	REPERFORATE CURRENT FORMATION  SIDETRACK TO REPAIR WELL  TEMPORARILY ABANDON  TUBING REPAIR  VENT OR FLARE
SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	CHANGE WELL NAME CHANGE WELL STATUS COMMINGLE PRODUCING FORMATIONS CONVERT WELL TYPE	RECLAMATI	ON (START/RESUME) ON OF WELL SITE TE - DIFFERENT FORMATION	WATER DISPOSAL WATER SHUT-OFF OTHER: Extend State Permit
Klabzuba Oil and Gas, In	c. hereby requests a one year ex			
	Approved by the Utah Division Oil, Gas and he Date: 10-27-0	CAR		RECEIVED  OCT 2 6 2004  DIV. OF OIL, GAS & MINING
NAME (PLEASE PRINT) Don Ham	ilton	тп	Agent for Klabzu	ba Oil and Gas, Inc.
SIGNATURE Don	Hamilton	DATE	10/22/2004	
This space for State use only)			and the second s	

(5/2000)

(See Instructions on Reverse Side)

# Application for Permit to Drill Request for Permit Extension Validation

Validation
(this form should accompany the Sundry Notice requesting permit extension)

		5, T14S, R8E, SLB&M Klabzuba Oil and Gas, Inc		
above, hereby	verifies that the	legal rights to drill on information as submitte mains valid and does r		d
Following is a verified.	checklist of some	e items related to the a	pplication, which should	<u>be</u>
	rivate land, has t en updated? Yes	he ownership changed □No⊠	, if so, has the surface	
		he vicinity of the proponts for this location? Ye	osed well which would at es⊟No⊡	ffect
		er agreements put in pl roposed well? Yes⊡ N	ace that could affect the lo⊠	•
	-	to the access route incoroposed location? Yes	luding ownership, or rigl :□No ☑	nt-
Has the appro-	ved source of wa	ter for drilling changed	? Yes□No <b>☑</b>	
	ire a change in p	changes to the surface lans from what was dis	location or access route scussed at the onsite	•
Is bonding still	in place, which o	overs this proposed w	ell? Yes ☑ No □	
	Jamilton		10/22/2004	RECEIVED OCT 2 6 2004
Signature Title: Agent for	Klabzuba Oil and G	as, Inc.	Date	DIV. OF OIL, GAS & MINING

Representing: Klabzuba Oil and Gas, Inc.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL, GAS AND MINING	5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46537
SUNDRY NOTICES AND REPORTS ON WELLS	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
Do not use this form for proposals to drift new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drift horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	7. UNIT OF CA AGREEMENT NAME: undesignated
1. TYPE OF WELL OIL WELL GAS WELL OTHER	8. WELL NAME and NUMBER: Gordon Creek, State 3-5-14-8
2. NAME OF OPERATOR:	9. API NUMBER:
Klabzuba Oil and Gas, Inc.	4300730932
3. ADDRESS OF OPERATOR: 700-17th St., S.1300 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 382-2177	10. FIELD AND POOL, OR WILDCAT: Gordon Creek
4. LOCATION OF WELL FOOTAGES AT SURFACE: 601' FSL, 2,276' FWL	COUNTY: Carbon
OTRIGTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 5 14S 8E S	STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REP	ORT, OR OTHER DATA
TYPE OF SUBMISSION TYPE OF ACTION	
NOTICE OF INTENT	REPERFORATE CURRENT FORMATION
(Submit in Duplicate) ALTER CASING FRACTURE TREAT	SIDETRACK TO REPAIR WELL
Approximate date work will start: CASING REPAIR NEW CONSTRUCTION	TEMPORARILY ABANDON
CHANGE TO PREVIOUS PLANS OPERATOR CHANGE	TUBING REPAIR
CHANGE TUBING PLUG AND ABANDON	VENT OR FLARE
SUBSEQUENT REPORT CHANGE WELL NAME PLUG BACK (Submit Original Form Only)	WATER DISPOSAL
Date of work completion:  CHANGE WELL STATUS  PRODUCTION (START/RESUME)	WATER SHUT-OFF
COMMINGLE PRODUCING FORMATIONS RECLAMATION OF WELL SITE	OTHER: Extend State Permit
CONVERT WELL TYPE RECOMPLETE - DIFFERENT FORMATION	N
Klabzuba Oil and Gas, Inc. hereby requests a one year extension of the state permit for the state second extension that has been requested.  Approved by the Utah Oil, Gas, Inc. Date Ll-Zabara By:	
NAME (PLEASE PRINT) Don Hamilton  SIGNATURE Don Hamilton  Date 11/17/2005	zuba Oil and Gas, Inc.
(This space for State use only)	

**RECEIVED** NOV 2 2 2005

# Application for Permit to Drill Request for Permit Extension

#### **Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API:

43-007-30932

Well Name: Gordon Creek, State 3-5-14-8 Location: SE/4 SW/4, Section 5, T14S, R8E, SLB&M Company Permit Issued to: Klabzuba Oil and Gas, Inc. Date Original Permit Issued: 8/26/2003
The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.
Following is a checklist of some items related to the application, which should be verified.
If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes □ No ☑
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes□ No ☑
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes□No☑
Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes□No ☑
Has the approved source of water for drilling changed? Yes□No⊠
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes□No☑
Is bonding still in place, which covers this proposed well? Yes ☑ No□
Don Hamilton 11/17/2005
Signature Date
Title: Agent for Klabzuba Oil and Gas, Inc.
Representing: Klabzuba Oil and Gas, Inc.
RECEIVED

NOV 2 2 2005



# STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING



## Request to Transfer Application or Permit to Drill

	name:	Gordon Creek St	ate 3-5-1	4-8				•
API ı	number:	4300730932						
Loca	ition:	Qtr-Qtr: SESW	Secti	on: <b>5</b>	Township:	14S Rang	e: <b>8E</b>	
Com	pany that filed original application:	Klabzuba Oli & G	as, Inc.					
Date	original permit was issued:	08/26/2003						
Com	pany that permit was issued to:	Klabzuba Oil & Ga	s, Inc.					
Check one		Desired	Actio	n:	·			
		en e				7		
,	Transfer pending (unapproved) App	lication for Perm	it to Dr	ill to new	operator			
	The undersigned as owner with legal r submitted in the pending Application fo owner of the application accepts and a	or Permit to Drill, re	emains	valid and	does not requ	ire revision 1	he new	
<b>√</b>	Transfer approved Application for P	ermit to Drill to n	ew ope	erator	******			
	The undersigned as owner with legal rinformation as submitted in the previous revision.	ights to drill on the isly approved appl	proper ication	ty as perr to drill, re	nitted, hereby mains valid ar	verifies that the does not re-	e  uire	.,
		<u> </u>						
	wing is a checklist of some items related on private land, has the ownership		<b>ation, v</b>	vhich sh	ould be verifi	ed.	Yes	
	ated on private land, has the ownership  If so, has the surface agreement been	changed?	<b>ation, v</b>	vhich sh	ould be verifi	ed.	Yes	No.
If loca	ted on private land, has the ownership	changed? updated?					Yes	1
Have requir Have propo	Ited on private land, has the ownership of the so, has the surface agreement been any wells been drilled in the vicinity of the series for this location? There been any unit or other agreement sed well?	changed? updated? he proposed well v s put in place that	which w	rould affeo	et the spacing permitting or c	or siting	3	
Have requir Have propo	If so, has the surface agreement been any wells been drilled in the vicinity of the ements for this location? There been any unit or other agreement sed well?  There been any changes to the access its sed location?	changed? updated? he proposed well v s put in place that route including own	which w	rould affeo	et the spacing permitting or c	or siting	3	✓ ✓
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Have propo Have propo Has the Have plans Is born Any dishould neces	If so, has the surface agreement been any wells been drilled in the vicinity of the ements for this location?  There been any unit or other agreement sed well?  There been any changes to the access is sed location?  The approved source of water for drilling of the emproved source of water f	changed? updated? he proposed well v s put in place that route including own changed? surface location of evaluation? posed well? Bond pending or approv r amended Applica	could a nership r acces	or right-o	permitting or of f-way, which of hich will require	or siting  peration of the could affect the re a change in	J. transfe	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Have propo Have propo Has the Have plans Is born Any dishould neces	If so, has the surface agreement been any wells been drilled in the vicinity of the ements for this location?  There been any unit or other agreement sed well?  There been any changes to the access it sed location?  The approved source of water for drilling there been any physical changes to the from what was discussed at the onsite of the ding still in place, which covers this properties or necessary changes to either a dip be filed on a Sundry Notice, Form 9, of sary supporting Information as required.	changed? updated? he proposed well v s put in place that route including own changed? surface location of evaluation? posed well? Bond pending or approver amended Application.	could a nership r acces	or right-o	permitting or of f-way, which of hich will require to Drill, Form 3 and Operations	or siting  peration of the could affect the re a change in	J. transfe	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \

Permit to Drill.

(3/2004)

### **OPERATOR CHANGE WORKSHEET**

**ROUTING** 

1. DJJ 2. CDW

## X Change of Operator (Well Sold)

Designation of Agent/Operator

**Operator Name Change** 

Merger

The operator of the well(s) listed below h	nas changed,	effecti	ve:	<u></u>		1/1/2006			7
FROM: (Old Operator):				TO: (New O	perator):			-	7
N1325-Klabzuba Oil & Gas, Inc.			N2560-Fellows Energy Ltd.						
700 17th St, Suie 1300 Denver, CO 80202-3512			8716 Arapahoe Road						
				er, CO 8030				ı	
			Phone: 1-(303	•				ŀ	
C	A No.			Unit:	,				7
WELL(S)	<del>'''''''''''''''''''''''''''''''''''''</del>								7
NAME	SEC	TW	RNG	API NO	ENTITY	LEASE	WELL	WELL	7
					NO	TYPE	TYPE	STATUS	
GORDON CREEK ST 3-5-14-8	05	140S	080E	4300730932		State	GW	APD	ΤС
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300730902		State	GW	APD	Πс
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300730903		State	GW	APD	$\Box_{C}$
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300730904		State	GW	APD	$\Box_{C}$
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S	7
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709		GW	P	1
GORDON CREEK U 1	19		080E	4300730044	13707		GW	P	
GORDON CREEK ST 19-14-8	19		080E	4300730724	13251		GW	P	7
GORDON CREEK ST 19-14-8 (B)	19		080E	4300730807	13708		GW	S	┪
GORDON CREEK ST 1-19-14-8	19		080E	4300730874	13646		GW	P	+
GORDON CREEK ST 2-20-14-8	20	-	080E	4300730883	13694		GW	TA	+
GORDON CREEK ST 3-20-14-8	20		080E	4300730905	13074	State	GW	APD	С
BURNSIDE 29-14-8	29	٠	080E	4300730725	13250		GW	S	+
GORDON CREEK ST 2-29-14-8	29		080E	4300730906	13230	State	GW	APD	c
GORDON CREEK ST 1-30-14-8	30	-	080E	4300730875		State	GW	APD	$\frac{c}{c}$
GOLGOT CKEEK BT 1-30-14-0	- 150	1705	OOOL	14300730873	+	State	low .	ALD	┯
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			<del>                                     </del>		<del>                                     </del>		<del>                                     </del>	<u>I</u>	┨
OPERATOR CHANGES DOCUMEnter date after each listed item is completed. (R649-8-10) Sundry or legal documentation. (R649-8-10) Sundry or legal documentation.	eted ation was rec	eived f		_		3/28/2006 3/28/2006	_		
3. The new company was checked on the l	Department	of Cor	nmerce	e, Division of C	orporations	s Database	on:	5/25/2005	
4. Is the new operator registered in the Sta	_			Business Num	-	589189-01			_
5. If NO, the operator was contacted conta				-	· <b>-</b>		_		
6a (P640 0 2)Waata Managamana Blancker	Loop	ud a		Danis da 1	2 /20 /2007				
6a. (R649-9-2)Waste Management Plan has				Requested	_ 3/29/2006				
6b. Inspections of LA PA state/fee well site	s complete o	n:		n/a				1	5~

7. Federal and Indian Lease Wells: The BLM and or operator change for all wells listed on Federal or Indian	or the BIA has approved the merger, name change, leases on:  BLM n/a BIA n/a
8. Federal and Indian Units: The BLM or BIA has approved the successor of unit open	erator for wells listed on: n/a
9. Federal and Indian Communization Agreeme The BLM or BIA has approved the operator for all wells	· · ·
10. Underground Injection Control ("UIC") Inject, for the enhanced/secondary recovery unit/project fo	The Division has approved UIC Form 5, Transfer of Authority to or the water disposal well(s) listed on:
DATA ENTRY:	
1. Changes entered in the Oil and Gas Database on:	3/29/2006
2. Changes have been entered on the Monthly Operator Cha	ange Spread Sheet on: 3/29/2006
3. Bond information entered in RBDMS on:	3/29/2006
4. Fee/State wells attached to bond in RBDMS on:	3/29/2006
5. Injection Projects to new operator in RBDMS on:	n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New	w on: 3/28/2006
FEDERAL WELL(S) BOND VERIFICATION:	
1. Federal well(s) covered by Bond Number:	n/a
INDIAN WELL(S) BOND VERIFICATION:	
1. Indian well(s) covered by Bond Number:	n/a
FEE & STATE WELL(S) BOND VERIFICATIO	N:
1. (R649-3-1) The <b>NEW</b> operator of any fee well(s) listed cov	vered by Bond Number RLB0009012
2. The <b>FORMER</b> operator has requested a release of liability f The Division sent response by letter on:	from their bond on: not yet
LEASE INTEREST OWNER NOTIFICATION: 3. (R649-2-10) The FORMER operator of the fee wells has be of their responsibility to notify all interest owners of this characteristics.	
COMMENTS:	

EXHIBIT "A"
SUNDRY NOTICES AND REPORTS ON WELLS

CHANGE OF OPERATOR FROM KLABZUBA OIL & GAS, INC. TO FELLOWS ENERGY, LIMITED, EFFECTIVE JANUARY 1, 2006

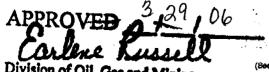
API#	Well Name	Description	Lease Serial Number
43-007-30044	Gordon Creek Unit #1	NW/4SE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30724	Gordon Creek State 19-14-8	SE/4NW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30725	Burnside 29-14-8	NW/4NE/4 of Section 29, T14S-R8E, SLB&M	
43-007-30807	Gordon Creek State 19-14-8(B)	NW/4SW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30874	Gordon Creek State 1-19-14-8	SE/4NE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30881	Gordon Creek State 4-18-14-8	SE/4SE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30883	Gordon Creek State 2-20-14-8	NW/4NW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30892	Gordon Creek State 1A-18-14-8	SE/4NE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30875	Gordon Creek State 1-30-14-8	NE/4NE/4 of Section 30, T14S-R8E, SLB&M	ML-46539
43-007-30902	Gordon Creek State 1-7-14-8	SE/4NE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30903	Gordon Creek State 3-7-14-8	SE/4SW/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30904	Gordon Creek State 4-7-14-8	NE/4SE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30905	Gordon Creek State 3-20-14-8	SW/4SW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30906	Gordon Creek State 2-29-14-8	NW/4NW/4 of Section 29, T14S-R8E, SLB&M	ML-46539
43-007-30932	Gordon Creek State 3-5-14-8	SE/4SW/4 of Section 5, T14S-R8E, SLB&M	ML-46537

5. LEASE DESIGNATION AND SERIAL NUMBER:



DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

	SEE ATTACHMENT					
SUNDRY NOTICES AND REPORTS ON WELLS	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:					
SONDKI NOTIOLO AND ILLI OKTO ON WILLIA	N/A					
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal interests. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	7. UNIT OF CA AGREEMENT NAME: N/A					
1. TYPE OF WELL OIL WELL GAS WELL OTHER	8. WELL NAME and NUMBER: SEE ATTACHMENT					
2. NAME OF OPERATOR:	9. API NUMBER:					
KLABZUBA OIL & GAS, INC.  3. ADDRESS OF OPERATOR:  10. FIELD AND POOL, OR WILDCAT:						
700 17th St., Suite 1300 CITY Denver STATE CO ZIP 80202-3512 (303) 299-9097	GORDON CREEK					
4. LOCATION OF WELL						
FOOTAGES AT SURFACE: SEE ATTACHMENT COUNTY: CARBON						
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:	STATE: UTAH					
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA						
TYPE OF SUBMISSION TYPE OF ACTION						
NOTICE OF INTENT	REPERFORATE CURRENT FORMATION					
(Submit in Duplicate) ALTER CASING FRACTURE TREAT	SIDETRACK TO REPAIR WELL					
Approximate date work will start: CASING REPAIR NEW CONSTRUCTION	TEMPORARILY ABANDON					
CHANGE TO PREVIOUS PLANS OPERATOR CHANGE	TUBING REPAIR					
CHANGE TUBING PLUG AND ABANDON	VENT OR FLARE					
SUBSEQUENT REPORT CHANGE WELL NAME PLUG BACK	WATER DISPOSAL					
(Submit Original Form Only)  CHANGE WELL STATUS  PRODUCTION (START/RESUME)	WATER SHUT-OFF					
Date of work completion:  COMMINGLE PRODUCING FORMATIONS RECLAMATION OF WELL SITE						
CONVERT WELL TYPE RECOMPLETE - DIFFERENT FORMATION						
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.						
	·					
Change of Operator from Klabzuba Oil & Gas, Inc. to Fellows Energy, Limited, effective Jar	nuary 1, 2006:					
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					
From: N/325 To: N2560						
From: N/3A2 To: /VA2CCC To: National To: Nat						
700 17th Street, Suite 1300 8716 Arapahoe Road						
Denver, Colorado 80202-3512 Boulder, Colorado 80303						
(000) 000 000 <b>0</b>						
(303) 299-9097 (303) 926-4415						
XIII						
Alvert Innce						
Stephen K. Frazier, Vice President Steven L. Prince, Vice President Operations						
Date: 3-13-06						
NAME OF GARE DON'TO						
NAME (PLEASE PRINT) TITLE						
SIGNATURE DATE						



Division of Oil, Gas and Mining Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

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State of Utah

#### Department of Natural Resources

MICHAEL R. STYLER Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director



GARY R. HERBERT Lieutenant Governor

November 30, 2006

Don Hamilton Fellows Energy LTD. 8716 Arapahoe Road Boulder, CO 80303

Re:

APD Rescinded -Gordon Creek St 3-5-14-8 Sec. 5 T. 14S R. 8E

Carbon County, Utah API No. 43-007-30932

Dear Mr. Hamilton:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 26, 2003. On October 27, 2004 and November 22, 2005, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 30, 2006.

A new APD must be filed with this office for approval <u>prior</u> to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason

**Environmental Scientist** 

cc:

Well File

SITLA, Ed Bonner